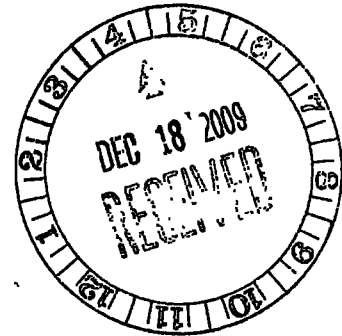


FILED
DEC 18 2009
SURFACE
TRANSPORTATION BOARD

LAW OFFICES
JOHN D. HEFFNER, PLLC
1750 K STREET, N.W.
SUITE 200
WASHINGTON, D.C. 20006
PH: (202) 296-3333
FAX: (202) 296-3939



December 18, 2009

Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423

ORIGINAL

RE: STB Finance Docket No. 35337
Paul Didelius Continuance in Control Exemption

ENTERED
Office of Proceedings
DEC 18 2009
Part of
Public Record

Dear Ms. Brown:

On behalf of Paul Didelius, Petitioner, I am filing an original and ten copies of a Verified Notice of Exemption under 49 CFR 1180.2(d)(2) in the above-captioned proceeding. I am enclosing with this filing a check for \$1300 to cover the applicable filing fee as well as a copy of the filing on a computer disk formatted for MS word.

Please date stamp and return one copy in the self addressed envelop marked "Stamp and Return."

Sincerely yours,

John D. Heffner

cc: Mr. Paul Didelius

ORIGINAL

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ORIGINAL

226187

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

ENTERED
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DEC 18 2009
Part of
Public Record

STB FINANCE DOCKET NO. 35337



**PAUL DIDEIUS
CONTINUANCE IN CONTROL
VERIFIED NOTICE OF EXEMPTION
UNDER 49 CFR §1180.2(d) (2)**

ORIGINAL

Submitted By:

John D. Heffner
James H.M. Savage
John D. Heffner, PLLC
1750 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 296-3333

Counsel for Petitioner

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DEC 18 2009
SURFACE
TRANSPORTATION BOARD

ORIGINAL

Dated: December 18, 2009

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35337

**PAUL DIDELIUS
CONTINUANCE IN CONTROL
VERIFIED NOTICE OF EXEMPTION
UNDER 49 CFR §1180.2(d) (2)**

Come now Paul Didelius ("Petitioner") and states as follows:

1. Pursuant to the provisions of Section 1180 of the Board's Railroad Consolidation Rules, 49 C.F.R. §1180 et seq., Petitioner hereby gives notice of a transaction which qualifies for exemption under §1180.2 of those rules.
2. As may be relevant here, Paul Didelius is an individual and noncarrier who currently owns 100% of LRY, LLC d/b/a Lake Railway ("LRY"), a limited liability company that filed two notices of exemption with the Board on December 2, 2009, to lease and operate a line of railroad owned by the Union Pacific Railroad Company between Perez and MacArthur, CA, and to lease and operate a line of railroad owned by Lake County, OR, between Alturas, CA, and Lakeview, OR.¹ These two lines connect and total approximately 116 miles of track. Once LRY consummates the exemptions on or about January 1, 2010, it will be a class III

¹ Decisions publishing these two exemptions were served today, December 18, 2009, in STB Finance Docket No. 35250, LRY, LLC d.b.a Lake Railway—Lease and Operation Exemption—Union Pacific Railroad Company and STB Finance Docket No. 35250 (Sub-No. 1), LRY, LLC d.b.a. Lake Railway—Lease and Operation Exemption—Rail Line in Lake County, OR.

short line railroad common carrier subject to the I.C.C. Termination Act (“ICCTA”).

3. YCR Corporation (“YCR”) is a newly established railroad corporation established for the purpose of leasing and operating a line of railroad owned by Yakima County, WA. That line extends between Wesley Junction (Toppenish) and White Swan, WA, a distance of about 20.56 miles. That line had formerly been operated by Washington Central Railroad Company, Inc. (“WCRC”). The line was acquired by Yakima County after WCRC was authorized to abandon it. On December 17, 2009, YCR filed an Application for a Modified Certificate of Public Convenience and Necessity with the Board to provide operations over the line replacing the Central Washington Railroad Company and Columbia Basin Railroad Company, Inc., as operator.²

4. Organized by Paul Didelius, LRY’s sole owner, YCR is owned in part by Paul Didelius (49%) and Stan Patterson (51%). However, Mr. Didelius position as President puts him in a position to control YCR.

5. Petitioner seeks a Board exemption to engage in a transaction whereby he will be in a position to control two short line railroads, namely LRY and YCR. Accordingly, Petitioner must seek either Board approval or an exemption from approval for this transaction.

² That application is docketed as STB Finance Docket No. 35336.

6. Under Section 1180.2(d)(2) of the Board's consolidation rules certain transactions are automatically exempt from the prior approval requirements for common control under 49 U.S.C. §§11323 - 11324. Specifically, Section 1180.2(d) (2) exempts the continuance-in-control of a nonconnecting carrier where (i) the railroads will not connect with each other or any railroad in their corporate family, (ii) the continuance in control is not part of a series of anticipated transactions that would connect the railroads with each other or any railroad in their corporate family, and (iii) the transaction does not involve a class I carrier.

7. The two properties that will be operated and controlled by Mr. Didelius, namely LRY and YCR, do not physically connect and there are no plans to acquire additional rail lines for the purpose of making a connection. As noted above, each of these two railroads will become a class III short line railroad upon consummation. The lines that LRY will operate are located in northeastern California and southwestern Oregon. The line that YCR will operate is located in south central Washington. Petitioner attaches as Exhibit A to this filing a map showing the geographic relationship between these rail lines with "A" on the map representing LRY and "B" representing YCR. These lines are about 380 miles apart.

8. In order to claim the Section 1180.2(d)(2) exemption, Section

1180.4(g) requires the filing of a verified notice of exemption furnishing the information requested in Sections 1180.6(1)(i)-(iii); 1180.6(5)-(6); and 1180.6(a)(7)(ii) of those rules and indicating the level of labor protection required.

Information about the carriers.

49 C.F.R. §1180.6(a) (1) (i)

Name: LRY LLC d/b/a Lake Railway
Address: 499 Railex Road
Burbank, WA 99323
Telephone: (509) 540-9499

Name: YCR Corporation
Address: 499 Railex Road
Burbank, WA 99323
Telephone: (509) 540-9499

Legal counsel to whom questions should be addressed:

John D. Heffner or
James H.M. Savage
John D. Heffner, PLLC
1750 K Street, N.W.
Suite 200
Washington, D.C. 20006
Tel.: (202) 296-3333

Schedule for consummation: 49 C.F.R. §1180.6(a) (1) (ii)

On or about January 16, 2010

Purpose to be accomplished by the transaction:

49 C.F.R. §1180.6(a) (1) (iii)

To takeover the common carrier operation of a line of railroad owned by Yakima County, WA, to replace the existing short line railroad's operation with one that is lower cost and more responsive to local needs. YCR management has decided to form a new corporation to secure outside investment and to insulate LRY and YCR, respectively, from the financial and operating obligations of the respective sibling company.

State(s) where proposed operations will be conducted:

49 C.F.R. 1180.6(a) (5)

California, Oregon, and Washington

Map showing relationship between LRY and YCR: 49 C.F.R. §1180.6(a)(6)

Attached hereto as Exhibit A.

Copy of Agreement: 49 C.F.R. §1180.6(a)(7)(ii)

N.A. There is no agreement covering the common ownership by Mr.

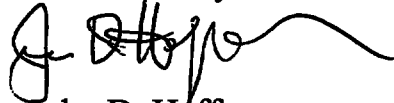
Didelius of LRY and YCR.

9. This acquisition of control proceeding is exempt from environmental review under 49 CFR §1105.6(c)(2)(i) because the proposed action will not cause any operating changes that exceed the threshold established in 49 C.F.R. §1105.7(e)(4) or (5). In addition, this proceeding is exempt from historic review under 49 C.F.R. §1105.8(b)(i) because there are no plans to dispose of or alter properties subject to Board jurisdiction that

are 50 years old or older as this trackage was recently built. Accordingly, no historic report is required.

10. Labor protection required: None. Under 49 U.S.C. 11326 transactions between class III rail carriers are not subject to labor protection.

Submitted By:

A handwritten signature in black ink, appearing to read 'J. D. Heffner', with a long, sweeping horizontal line extending to the right.

John D. Heffner
James H.M. Savage
John D. Heffner, PLLC
1750 K Street, N.W.
Suite 200
Washington, D.C. 20006
(202) 296-3333

Counsel for Petitioner

Dated: December 18, 2009

EXHIBIT A

MAPQUEST

Trip to Ashue, WA

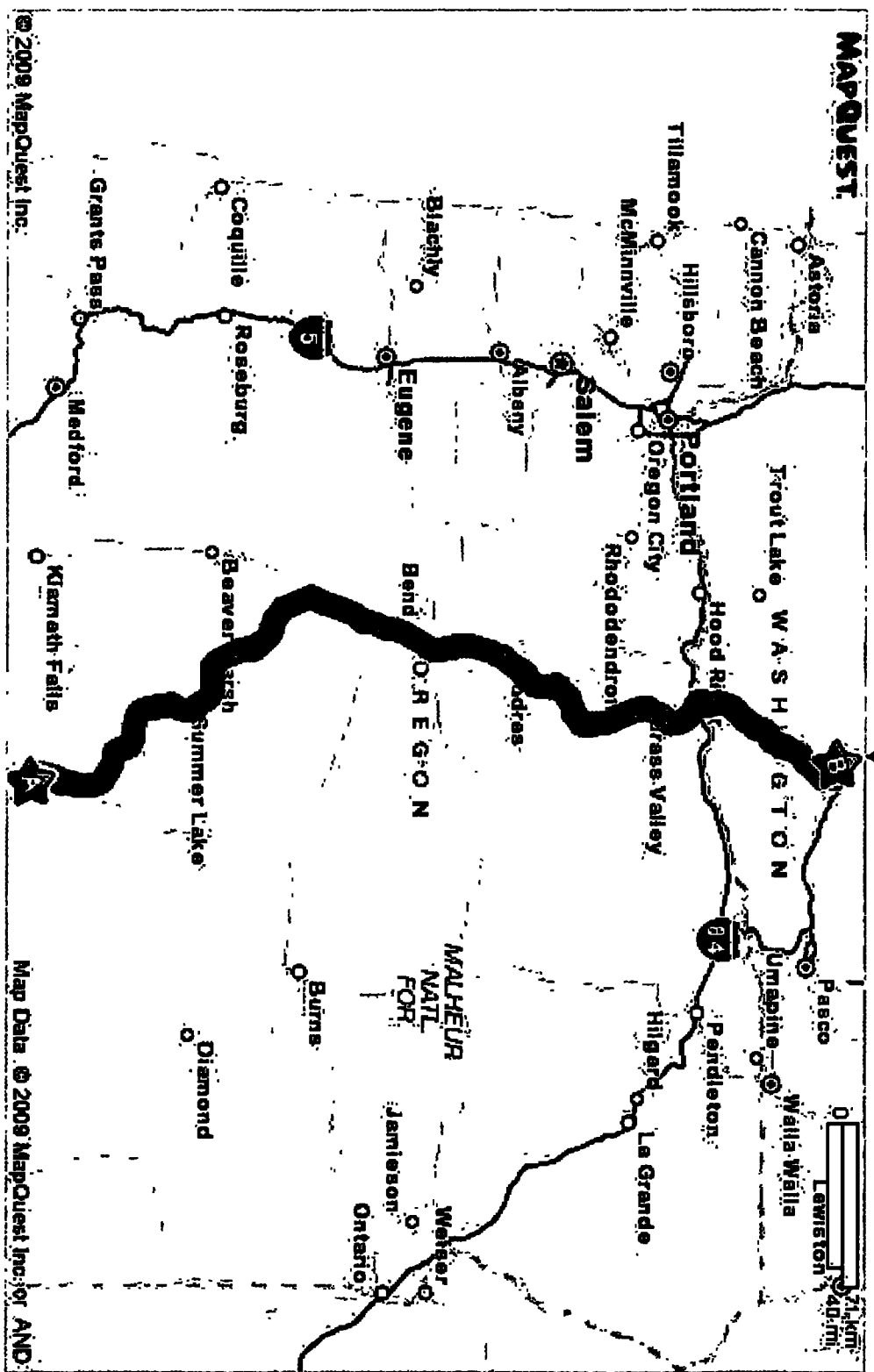
379.58 miles - about 7 hours 11 minutes

Notes

Drive time from operations office of LRY to operations office of YCR.

Route Map Hide

MAPQUEST



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Map Data © 2009 MapQuest Inc. for AND

All rights reserved. Use subject to License/Covenant | Map Legend

LRY LLC d.b.a. Lake Railway.

VERIFICATION

STATE OF Washington)
CITY OF Walla Walla)

SS

Paul Didelius, being duly sworn according to law,
hereby deposes and states that (s)he is authorized to make this Verification,
has read the foregoing document, and knows the facts asserted therein are
true and accurate as stated, to the best of (her) his knowledge, information,
and belief.

P. Didelius

Subscribed to and sworn to before me, a Notary Public, in and for the City of
Walla Walla in the State of WA, this 18 day of December

Michelle Potts
Notary Public

My commission expires: 2/22/13

